

Agricultural producers are liable for tax when they engage in the business of selling agricultural products, such as milk and other dairy products, livestock, meats, hay, grain, vegetables, fruit, plants, flowers, eggs, young trees or any other such items of tangible personal property, to purchasers for use or consumption. See 86 Ill. Adm. Code 130.1905. (This is a GIL).

March 10, 2000

Dear Xxxxx:

This letter is in response to your letter received March 1, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

I have been informed that I do not collect nor pay sales taxes on produce grown on my farm and sold by myself on my farm. Furthermore, It has been suggested that I write to your office to obtain the Sunshine statement regarding homegrown produce sold by myself on my farm.

Agricultural producers, such as yourself, are liable for tax when they engage in the business of selling agricultural products, such as milk and other dairy products, livestock, meats, hay, grain, vegetables, fruit, plants, flowers, eggs, young trees or any other such items of tangible personal property, to purchasers for use or consumption. See 86 Ill. Adm. Code 130.1905. Such producers are required to remit Retailers' Occupation Tax to the Department upon their receipts from such sales, notwithstanding the fact that such persons may themselves produce the agricultural products that they sell.

For example, a dairy farmer who produces milk and sells it to purchasers for use or consumption becomes liable for the tax. Similarly, farmers who sell products to purchasers for use or consumption from roadside stands or from vending vehicles to purchasers for use or consumption are engaged in the business of selling tangible personal property to purchasers for use or consumption within the meaning of the Retailers' Occupation Tax Act.

Agricultural producers are not required to remit Retailers' Occupation Tax measured by their gross receipts from sales of tangible personal property to purchasers for purposes of resale. For example, a farmer who sells eggs to a grocer who purchases such eggs for resale to his customers is selling tangible personal property to a purchaser for purposes of resale.

March 10, 2000

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis
Associate Counsel

MAJ:mks
Enc.